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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re :	**Chapter 11 Case No.**
:	
LEHMAN BROTHERS HOLDINGS INC., *et al.*, :	**08-13555 (JMP)**
:	
Debtors. :	**(Jointly Administered)**
:	
:	

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UPDATED OBJECTION OF WILLIAM KUNTZ, III

Now comes William Kuntz, III who appears here *Pro Se* and respectfully submits the following for the Court's Consideration:

The Debtor's most recent rescue program reminds me of the Titanic, after the ship hit the iceberg and was floundering, the stokers were still shoveling coal <here cash> into the boilers in the flawed belief that steam pressure would keep out sea water.

1) A review of both Aurora and Woodlands Internet Presence and underlying Institutional Posture reveals that they are run of the mill financial institution with the typical markets cranking out loans based upon FICO Scores and have limited appeal to the investing public wishing to deposit funds. They have weak geographical focus and face ample competition in a market which the government concedes is overcrowded. For example Aurora offers a 1 year CD @ 1.41% Interest while Capital One offers a InterestPlus Online Saving @ 1.35%

2) It does not appear that additional funds will do anything more than appease the Government, which wants higher capital margins in order to give more time to warn of an impending collapse. If one were to review the well read and highly

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2010 SEP 13 P 3:52

regarded Internet site Implode-o-Meter[1], one could see that there have been many more institutions like Woodlands and Aurora who have already met a fate[2] because they continued to operate in a 'business as usual' manner[3].

3) The Debtor's Solution, like it has played over and over before is to act like a Financial Firehouse deploying Creditors Funds in a game more akin to a Private Monopoly Game while the Jackels and Vultures feast on a Estate with Fee Requests[4] which make headlines and the Court appears unwilling or unable to restrain and the Creditors now have a prospect of having to wait perhaps 7 years before any distribution[5] might be made.

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[1] http://ml-implode.com/index.html

[2] housing market is poised for a wave of repossessions
http://www.independent.co.uk/news/business/news/britain-facing-a-wave-of-repossesions-warns-sp-2075344.html

[3] **2010-09-10** — *factoidz.com*

Today's Banking Crises is Comparable to the Great Depression of 1930's

"Like many financial crises of the past, this one has been plagued with high unemployment, increasing poverty, greater numbers of personal and business bankruptcies, endless foreclosures, failing businesses, and lastly an ever increasing number of bank failures. This article will focus on only one byproduct of this recession: number of bank failures. What the author has found is that a real apple to apple comparison between the two events has been obscured by misleading and incomplete information. The official total of today's bank failures compared to the Great Depression is pegged at 5% when in reality it closer to 74%."

[4] The Debtor recently objected to some 4,000 claims filed by individuals and others because they were in Fact claims by Wilmington Trust. It appears that Wilmington Trust was so inept that in the year between the Petition Date and the Bar Date, it did not effectively communicate with these parties to explain it's role In this Case. A review of the recent fee Application of Weil, Gotshal reveals that the Point Person on the Claims Matter, Attorney Lori Fief? Billed some $643,000 for work which in retrospect was caused by the Incompetence of Wilmington Trust and for which Wilmington Trust and not the Debtor's Estate should have been surcharged. In addition in fundamental fairness, those 4,000 creditors should be allowed an administrative claim for the time and effort and expense to submit claims which proved to be duplicate due to the ineptitude of Wilmington and the lack of attention by Weil, Gotshal who assumes that anything it does is billable and subject to payment.

4) More fundamental to the Debtor's Proposal is that it shows a total lack of any kind of creative thinking or proposing a solution[6] which might resolve this to the benefit of the Creditors, such as making a distribution of Lehman Brothers Bancorp shares to Lehman Creditors with the creation of additional Warrants which when exercised would bolster the Capital Desired by the Government and end this experiment in keeping Aurora and Woodlands on life support.

The Court should send the Debtor back to the Drawing Board.

The Motion should be denied.

Respectfully,

William Kuntz, III
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Sept 11, 2010
Hyannis, Ma

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[5] As the Court may note, this party made a request months ago for a 1% Distribution which has gone unanswered or unopposed. The idea that the Professional have created a hog-trough for feeding while the true owners of the Estate must look from a distance is a fundamental complaint. Of Course, this is bedrock to Weil, Gotshal's Bankruptcy Practice, just outlast and outwear the opposition because it gets paid and others have to wait and wait and wait.

[6] For example, the Debtor could transfer the Empty Building in Stamford Conn, or the Sun and Moon Property or the Park Ave Building Mortgages to increase the Balance Sheet Assets of Lehman Brothers Bancorp

T.J. Kirkpatrick for The Wall Street Journa

laryland's 1st Mariner Bank has been marked as out of compliance with Nasdaq rules. It is one among many small banks facing challenges.

Bank Rally Leaves Out Small Lenders

y ROBIN SIDEL

While large banks are show- g signs of recovering from the nancial crisis, many of the ountry's small banks are still in g trouble.

Small banks' efforts to clean portfolios stuffed with bad ans are forcing them to sell anches, tap investors for fresh pital and restrict lending.

Some have fallen out of com- iance with stock-exchange re- irements, and others have gotten delisted altogether as a result of their woes. Scores have missed dividend payments owed to the government, which has injected billions of dollars into the banking industry through the Troubled Asset Relief Program.

"I think we have a very bifurcated industry. There are the haves, the have-nots and the walking wounded," said Dory Wiley, president and chief executive of Dallas-based **Commerce Street Capital** LLC, a firm that invests in banks and also advises them.

BankAtlantic Bancorp is one of the latest institutions to announce plans to raise fresh capital, filing a prospectus with the Securities and Exchange Commission on Friday to sell as much as $125 million of stock. The bank, based in Fort Lauderdale, Fla., has about 100 branches, and it will sell 19 branches in Tampa. It recently cut 7% of its work force.

The community-banking industry's troubles were evident in the Federal Deposit Insurance Corp.'s latest quarterly report, issued last week. The FDIC said the pace of declines in loan charge-offs is slower at community banks than at banks that have more than $1 billion in assets.

Smaller banks also released fewer reserves in the second quarter than did large banks, meaning they still think they need to keep extra money to cover loans that go sour. The

Please turn to page C3

Latest Fed Report Finds Signs Growth Is Slowing

By CHRISTINE HAUSER

The United States economy showed "widespread signs" of slowing, the Federal Reserve said on Wednesday, though modest growth continued from mid-July through the end of August.

The latest regional survey by the 12 district Federal banks, known as the beige book, described an economy in which many sectors, from consumer spending to manufacturing, continued to expand. But there were also "widespread signs of a deceleration," the report said.

In at least five of the 12 Fed districts — New York, Philadelphia, Atlanta, Chicago and Richmond, Va. — conditions were "mixed" or had slowed, the report said.

"It suggests we are not going into a double dip, but it just suggests we are slowing," John Canally, an economist for LPL Financial, said of the report. "It tells me the Fed is on hold for a very long time. There is no indication here that they are worried about wages or prices getting out of control."

The publication, which is based on information supplied by business contacts in the different regions, confirms the thrust of much of the economic data in the last month that has shown a sluggish pace to the recovery. Gross domestic product has been revised downward to 1.6 percent from 2.4 percent for the second quarter and the housing market has slumped.

In its report, the Fed said the economy had continued to pick up, but that growth had been uneven and in some regions, had started to slow.

"I think there has been a change in perception that the economy has turned the corner and put aside a lot of these fears of a double-dip recession," said Michael Dueker, head economist for North America at Russell Investments.

"People might be dismayed at the slow rate of recovery of the economy, but at the same time people are starting to realize the economy has turned the corner," he said.

Brian Bethune, IHS Global Insight's chief United States financial economist, said the "frank description" by the Fed of widespread deceleration "suggests a great deal of concern about the direction of the economy."

Federal Reserve officials signaled in August that their confidence in the recovery had dimmed, and took measures to keep interest rates low and encourage growth. With short-term interest rates already close to zero, Fed officials announced plans to use the proceeds from the central bank's huge mortgage bond portfolio to buy long-term government debt.

Ben S. Bernanke, the chairman of the Federal Reserve, said in Jackson Hole, Wyo., last month that the central bank was determined to prevent the economy from slipping into a cycle of falling wages and prices, and that he expected modest growth in the second half of the year to expand in 2011.

The survey touched on many of the topics that have concerned the markets since the start of the recession, like the effect of household debt and the housing market on the economy.

The Federal Open Market Committee, which sets monetary policy, is to meet on Sept. 21.

The survey found that consumer spending, which is crucial because it dominates the overall economy and because of its implications for the job market, appeared to increase even though there was an emphasis on essential and lower-priced goods with limited spending on big-ticket items.

In the beige book survey, 'widespread signs of deceleration.'

Generally, most districts reported that retail sales picked up, though not in Atlanta, New York and Dallas, where they either slowed or declined.

A separate report from the Fed showed that consumer borrowing fell in July as the use of credit cards continued to shrink. Borrowing declined at an annual rate of $3.6 billion in July, the 17th drop over the last year and a half. The fall compared with a $1 billion decline in June.

According to the beige book, manufacturing expanded in most districts. A rise in manufacturing has been a bright spot in the recovery because it is considered a portent of possible hiring.

The survey noted modest improvements in credit quality, according to reports from financial institutions, and found that loan demand was lower or generally stable.

Upward price pressures remained limited for most categories of goods and services, although they were higher for such commodities as grains, according to the Dallas and San Francisco districts, and industrials materials, the survey said.

Several districts, including Atlanta, Chicago, San Francisco and Kansas City, Mo., reported that businesses absorbed higher costs to avoid passing them on to consumers.

Wage pressures were also limited. The survey said that over all, the pressures remained modest, with most of the districts that commented on wages reporting that there was little or no upward pressures or increases.

But there were exceptions. Dallas, for example, said that wage pressures were nonexistent, except for airline and temporary workers. Wage pressures inched up in Boston, Chicago and Kansas City as employers dealt with a mismatch in skills between the available positions and the applicants.

Bank Rally Bypasses Smaller Lenders

;ontinued from page C1
ımount of loan balances that are)0 days past due rose 0.3% at :ommunity banks, while the arger banks reported a 5.3% lecline.

Though the big banks wield he most power among con-ˌumer and business customers, :ommunity institutions repre-ˌent most of the nation's 7,830)anks. Last year, 91% of all banks ıad assets of less than $1 billion, ınd 36% had assets of less than ;100 million, according to the 'DIC. Such banks represent the)ulk of the 829 institutions on he FDIC's "problem" list. They ılso make up the majority of the 18 banks that have failed this 'ear.

Unlike the behemoth banks hat pitch credit cards, trade se-:urities for clients and provide nerger advice, small-town banks ıre still largely in the basic busi-ıess of collecting deposits and naking loans, including nortgages.

Faced with slow growth and :ompetition from big banks that ıave sprawling automated-teller-nachine networks and sophisti-:ated cash-management prod-ıcts for business customers, nany of these small banks)umped earnings in recent years)y expanding into new regions ınd loading up on loans to com-nercial-real-estate developers. ;uch growth has come back to ıaunt many of them now.

"Community banks increased heir risk profile and credit ex-)osure significantly and are now 'eally reeling from that," said Michael Alley, chief executive of **ntegra Bank** Corp., a commu-ıity bank based in Evansville, nd., that has more than 50)ranches.

Though larger than many :ommunity banks, Integra is un-ler orders from regulators to 'aise capital, and it is selling ;ome branches.

The bank recently was noti-ied by the Nasdaq Stock Market hat it is out of compliance be-:ause its stock price has been ess than $1 a share for 30 con-;ecutive days. The shares have)een trading at about 72 cents this week.

Banks that are under pressure to raise capital are finding them-selves in a difficult spot because investors are increasingly skepti-cal about the future of some of these institutions.

"Investors need to know that there's enough capital for a healthy institution to emerge af-ter the capital raise," says Jeff Evans, director of global capital markets at Keefe, Bruyette & Woods Inc., an investment bank that specializes in financial institutions

PAB Bankshares Inc., a com-munity bank based in Valdosta, Ga., lost $21 million in the sec-ond quarter, added $15 million to its loan-loss reserve and is trying to clean up problem as-sets on its balance sheet, it has said.

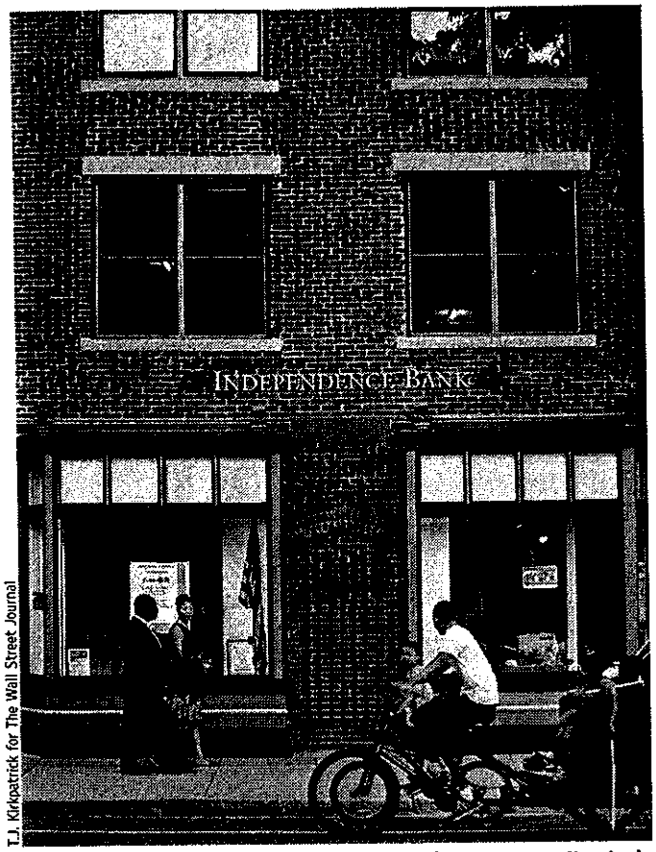
Two days after the bank re-leased its quarterly results last month, it canceled plans to raise $80 million, citing "changing market conditions."

Representatives of the bank didn't respond to requests for comment. When it canceled the capital-raising plan, the bank said it was analyzing other op-tions to raise capital and liqui-date nonperforming assets.

More than 90 financial insti-tutions, most of them commu-nity banks, missed May dividend payments on preferred stock they received under the Trea-sury Department's TARP pro-gram, according to SNL Financial LC, a research firm in Char-lottesville, Va.

That number could grow later this month when the Treasury releases a list of banks that missed August payments. One new name that will be added is **Community Bankers Trust** Corp., based in Glen Allen, Va. The firm, which is the holding company for the 25-branch Es-sex Bank, lost $20 million in the second quarter and reported an increase in nonperforming loans.

"Capital is king right now. There is a lot of stress on all of us right now in the community-banking industry," said Bruce Thomas, chief financial officer of Community Bankers Trust.



T.J. Kirkpatrick for The Wall Street Journal

Independence Federal Savings Bank, of Washington, saw its stock delisted because of the market value of its publicly held shares.

Off the Market

Banks that have lost their listings in 2010, and reasons

- Jan. 21: Horizon Financial Corp.—Bankruptcy/liquidation
- Feb. 3: Columbia Bancorp—Bankruptcy/liquidation
- Feb. 10: First Regional Bancorp—Bankruptcy/liquidation
- March 11: Rainier Pacific Financial Group Inc.—Bankruptcy/liquidat
- April 21: Beach First National Bancshares Inc.—Delinquent/bankruptcy/liquidation
- April 28: City Bank—Bankruptcy/liquidation/delinquent/bid price
- April 28: Tamalpais Bancorp—Bankruptcy/liquidation
- May 5: Amcore Financial Inc.—Bankruptcy/liquidation
- May 12: Frontier Financial Corp.—Bankruptcy/liquidation
- May 12: EuroBancshares Inc.—Bankruptcy/liquidation
- May 26: Midwest Banc Holdings Inc.—Bankruptcy/liquidation/equity/delinquent
- June 11: Bank of Florida Corp.—Bankruptcy/liquidation
- July 1: Cowlitz Bancorp—Equity/public float
- July 8: First National Bancshares Inc. (S.C.)—Bid price
- July 28: First State Bancorp—Bid price
- July 23: Independence Federal Savings Bank—Market value of publicly held shares
- May 21: Pacific State Bancorp (Calif.)—Bid price

Source: Nasdaq Stock M